

ORIGINAL



0000131023

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

GARY PIERCE, Chairman  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BOB STUMP  
BRENDA BURNS

2011 NOV -8 A 9:43

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE ITS ANTHEM WATER DISTRICT AND ITS SUN CITY WATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. W-01303A-09-0343

Arizona Corporation Commission

DOCKETED

NOV 8 2011



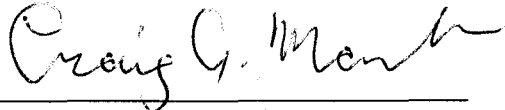
IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM / AGUA FRIA WASTEWATER DISTRICT, SUN CITY WASTEWATER DISTRICT, AND SUN CITY WEST WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-09-0343

**NOTICE OF FILING  
TESTIMONY SUMMARIES**

- 1 Arizona-American Water Company hereby files Testimony Summaries for its witness,
- 2 Sandra L. Murrey.

1                   **Respectfully submitted** on November 8, 2011, by:

2  
3  
4                   

5  
6                   Craig A. Marks  
7                   Craig A. Marks, PLC  
8                   10645 N. Tatum Blvd.  
9                   Suite 200-676  
10                  Phoenix, AZ 85028  
11                  (480) 367-1956  
12                  [Craig.Marks@azbar.org](mailto:Craig.Marks@azbar.org)  
13                  Attorney for Arizona-American Water Company  
14

**Original** and 13 copies **filed**  
on November 8, 2011, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

**Copies** of the foregoing **hand-delivered**  
on November 8, 2011, to:

Honorable Gary Pierce  
Chairman  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Honorable Sandra D. Kennedy  
Commissioner  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Honorable Paul Newman  
Commissioner  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Honorable Bob Stump  
Commissioner  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Honorable Brenda Burns  
Commissioner  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

John LeSueur  
Policy Advisor to Chairman Pierce  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Cristina Arzaga-Williams  
Policy Advisor to Commissioner Kennedy  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Amanda Ho  
Policy Advisor to Commissioner Stump  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Teena Jibilian  
Administrative Law Judge  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

**Copies of the foregoing mailed  
on November 8, 2011, to:**

Maureen Scott/Robin Mitchell  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Greg Patterson  
Water Utility Association of Arizona  
916 W. Adams, Suite 3  
Phoenix, AZ 85007

Joan S. Burke  
Law Office of Joan S. Burke  
1650 N. First Avenue  
Phoenix, AZ 85003

Norman D. James  
Fennemore Craig, P.C.  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Frederick G. Botha  
23024 N. Giovota Drive  
Sun City West, AZ 85375

Nancy LaPlaca  
Policy Advisor to Commissioner Newman  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Thomas Galvin  
Policy Advisor to Commissioner Burns  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Lawrence V. Robertson, Jr.  
P.O. Box 1448  
Tubac, AZ 85646-1448

Troy B. Stratman, Esq.  
Mack Drucker & Watson, P.L.C  
3200 North Central Avenue, Suite 1200  
Phoenix, Arizona 85012

Daniel W. Pozefsky, Chief Counsel  
Residential Utility Consumer Office  
1110 West Washington, Suite 220  
Phoenix, Arizona 85007

Jay Shapiro/Patrick Black  
Fennemore Craig, P.C.  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Philip H. Cook  
10122 W. Signal Butte Circle  
Sun City AZ 85373

Gary Verburg, City Attorney  
Daniel L. Brown, Assistant City Attorney  
Office Of The City Attorney  
200 W. Washington, Suite 1300  
Phoenix, AZ 85003

Larry Woods  
Property Owners and Residents Assoc.  
13 815 E. Camino Del Sol  
Sun City West, AZ 85375-4409

W.R. Hansen  
12302 W. Swallow Drive  
Sun City West, AZ 85375

Snell & Wilmer  
One Arizona Center  
400 E. Van Buren Street  
Phoenix, AZ 85004-2202

Judith M. Dworkin  
Roxanne S. Gallagher  
Sacks Tierney PA  
4250 North Drinkwater Blvd., 4th Floor  
Scottsdale, AZ 85251-3693

Michele L. Van Quathem  
Ryley Carlock & Applewhite  
One N. Central Ave., Suite 1200  
Phoenix, AZ 85012

Pauline A. Harris Henry, President, Board of  
Directors  
Russell Ranch Homeowners' Association, Inc.  
21448 N. 75th Avenue, Suite 6  
Glendale, AZ 85308

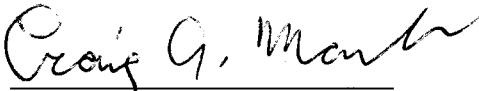
Sun City Grand Community Association  
Palm Center  
19726 N. Remington Drive  
Surprise, AZ 85374

Desi Howe  
Anthem Golf and Country Club  
2708 W. Anthem Club Drive  
Anthem, AZ 85086

Bradley J. Herrema/Robert J. Saperstein  
Brownstein Hyatt Farber Schreck, LLP  
21 E, Carrillo St  
Santa Barbara, CA 83101

Andrew M. Miller  
Town Attorney  
Town of Paradise Valley  
6401 E. Lincoln Drive  
Paradise Valley, AZ 85253

By:

  
Craig A. Marks

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BOB STUMP  
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF  
ARIZONA-AMERICAN WATER COMPANY,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
RATES AND CHARGES BASED THEREON  
FOR UTILITY SERVICE ITS ANTHEM WATER  
DISTRICT AND ITS SUN CITY WATER  
DISTRICT, AND POSSIBLE RATE  
CONSOLIDATION FOR ALL OF ARIZONA  
AMERICAN WATER COMPANY' S  
DISTRICTS.

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION OF  
ARIZONA-AMERICAN WATER COMPANY,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
RATES AND CHARGES BASED THEREON  
FOR UTILITY SERVICE BY ITS ANTHEM /  
AGUA FRIA WASTEWATER DISTRICT, SUN  
CITY WASTEWATER DISTRICT, AND SUN  
CITY WEST WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-09-0343

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11

**TESTIMONY SUMMARIES  
FOR  
SANDRA L. MURREY  
REGARDING  
CONSIDERATION OF STAND-ALONE REVENUE REQUIREMENTS AND RATE  
DESIGNS FOR THE ANTHEM/AGUA FRIA WASTEWATER DISTRICT  
ON BEHALF OF  
ARIZONA AMERICAN WATER COMPANY  
NOVEMBER 8, 2011**

**SUMMARY OF DIRECT TESTIMONY**

On January 6, 2011, the Commission issued Decision No. 72047, which required (p. 121) that:

Arizona-American Water Company shall file, no later than April 1, 2011, an application supporting consideration of stand-alone revenue requirements and rate designs as set forth in the Agreement reached during the Open Meeting for the Anthem Wastewater District and Agua Fria Wastewater District.

Ms. Murrey's direct testimony supports Arizona-American's April 1, 2011, application to comply with Decision No. 70247. Ms. Murrey first summarizes the history of the Arizona-American's Anthem-Agua Fria Wastewater District.

In Decision No. 72047 the Commission determined that the "fair value of Arizona-American's Anthem/Agua Fria Wastewater district rate base is \$45,116,927" and it has authorized a revenue increase of \$4,657,770 for the combined Anthem/Agua Fria Wastewater district. Ms. Murrey explained that deconsolidating these districts must therefore have a revenue-neutral impact on Arizona-American. As a result of her evaluation, the \$4,657,770 revenue increase has been allocated to each district based on the individual district's financial values such as rate base, revenues, and expenses.

Ms. Murrey concludes that if the Commission were to approve deconsolidation of the existing Anthem/Agua Fria Wastewater District, the standalone rate increase for the new Anthem Wastewater District would alternatively be 15.5%, and 139.7% for the new Agua Fria Wastewater District. Therefore, as compared to the rates approved in Decision No. 72047 and implemented January 1, 2011, customers in the separate Anthem Wastewater District would see a rate decrease and customers in the separate Agua Fria Wastewater District would see a rate increase.

Ms. Murrey also recommended that wastewater treatment rates for the City of Phoenix be based on actual wastewater readings at wastewater flume instead of on treated water deliveries to the City. As a result, the deconsolidated test year revenue for the City of Phoenix would be \$387,153 and the required revenues of the residential and commercial Anthem Wastewater classes were increased accordingly.

Ms. Murrey also recommended that the Commission delay implementation of winter-average rate design for wastewater customers.

**SUMMARY OF REBUTTAL TESTIMONY**

Ms. Murrey further discussed the use of flume readings to measure wastewater service for the City of Phoenix. It appeared that flume readings actually differed very little from water delivery readings. Ms. Murrey also explained that the City of Phoenix was properly noticed in the rate case. Additional relief requested by the City was outside the scope set for this phase of the case.

Ms. Murrey testified that should the Commission approve deconsolidation, Arizona-American would support Anthem Community Counsel's revenue transition proposal.

Ms. Murrey continued to recommend that the Commission delay implementation of winter-average rate design for wastewater customers.

**SUMMARY OF REJOINDER TESTIMONY**

1

2

3

4

5

Ms. Murrey testified that Mr. Botha's request to require Arizona-American to make certain website and other changes was outside the scope set for this phase of the case.

Ms. Murrey agreed that the effluent rate authorized in Decision No. 72047 should not be changed as a result of this phase of the case.